

## **EXHIBIT E**

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

STILLPATH RETREAT CENTER LLC,  
a California limited liability  
company,

Plaintiff,

vs.

Case No. 3:15-cv-01386-MMC

AMERICAN ADDICTION CENTERS, INC.,  
a Nevada corporation,

Plaintiff-Intervenor,

vs.

COUNTY OF SAN MATEO, a California  
municipality,

Defendant.

Pages 1 through 172, inclusive.

VIDEOTAPED DEPOSITION OF RAYMOND BLATT

VOLUME I, Pages 1 to 172

FRIDAY, DECEMBER 9, 2016

9:18 a.m.

Kerr & Wagstaffe, LLP

101 Mission Street, 18th Floor

San Francisco, California

REPORTED BY:

DEBBY CLARY, CSR No. 9705

REGISTERED MERIT REPORTER

1 technical opinions concerning the physical  
2 characteristics of the facility or the availability of  
3 infrastructure or anything like that?

4 A. I remember them giving me general things like,  
5 for instance, there's an office located down a hallway  
6 that would be perfect for a, you know, kind of a, a,  
7 your first phase so you have supervision immediately  
8 there.

9 I remember that there were other things, but it  
10 was generally that they, they thought it would be a  
11 great place.

12 Q. At this point in time, before seeking the  
13 permit amendment from the county, did you have the site  
14 inspected with respect to water usage and water  
15 availability?

16 A. No.

17 Q. At any point in time, did you hire a  
18 professional traffic engineer to conduct a traffic study  
19 in connection with the proposed Stillpath operation?

20 A. I don't know if J.R. did or not or my dad did  
21 or not.

22 Q. But you didn't?

23 A. I didn't. I, I don't recall. I didn't hire  
24 anybody.

25 Q. All right. Let me show you what we'll mark as

1 Exhibit 210. It's an email, SP 0185 through 87.

2 (WHEREUPON, DEPOSITION EXHIBIT 210 WAS MARKED

3 FOR IDENTIFICATION.)

4 THE WITNESS: Thank you.

5 BY MR. VON LOEWENFELDT:

6 Q. I'm sure you recall this, but why don't you

7 take a minute to read through it; let me know when

8 you're done.

9 A. (Witness complies.)

10 I'm finished.

11 Q. Okay. Great.

12 Do you recall sending the email and attached

13 letter reflected as Exhibit 210?

14 A. I do.

15 Q. Is this your first written correspondence with

16 the County of San Mateo concerning your proposed use of

17 the Stillheart property?

18 A. I believe so.

19 Q. All right. Do you -- sitting here today, do

20 you have a present memory of your meeting with

21 Mr. Schaller that predates Exhibit 210?

22 A. I do.

23 Q. And how did you meet Mr. Schaller?

24 A. I believe that the, a representative of

25 Stillheart had called in to the county with questions

1 about who to talk to and regarding our potential use of  
2 the property.

3 Q. Okay.

4 A. And they said speak to Mike Schaller and so I,  
5 I don't know if I made appointment or I just showed up.  
6 I went to the, the, downtown San Mateo and I spoke to  
7 him in person at the planning department.

8 Q. Do you recall where you were when you spoke  
9 with him?

10 A. I believe I was at the, god, I don't know what  
11 floor it is, but it's the counter at the, in the  
12 building planning department.

13 Q. Were you speaking across the counter?

14 A. Yes.

15 Q. Okay. And how long did that conversation take?

16 A. I think it was approximately an hour.

17 Q. Did you bring any documents with you for that  
18 conversation?

19 A. I think I brought the existing use permit and  
20 some site plans that were the marketing material of  
21 Stillheart.

22 Q. I'm sorry, did you say site plans and the  
23 marketing material of Stillheart or --

24 A. The site plans that were the marketing material  
25 for, they have little 8-by-11 pieces of paper that show

1 where the buildings are.

2 Q. Oh, like a map?

3 A. Like a map, yeah.

4 Q. I see. Okay.

5 Did you bring any proposed plans or rules for  
6 how the treatment facility would operate when you spoke  
7 with Mr. Schaller that first time?

8 A. No.

9 Q. Do you recall what you discussed with  
10 Mr. Schaller during that hour?

11 MR. VIGNOLO: Overbroad.

12 THE WITNESS: I know that we spoke about the  
13 general kind of idea and concept. The specifics of it,  
14 I don't know. I think that we had decided that I would  
15 email him more details.

16 BY MR. VON LOEWENFELDT:

17 Q. Okay. Do you know whether you discussed  
18 staffing or, or patient load -- loads is the wrong word.  
19 I'm thinking of airplanes -- patient populations with  
20 Mr. Schaller during that first meeting?

21 A. I think we talked in general terms about it,  
22 but I don't know the specifics. I mean, those would  
23 have been the general things we talked about.

24 Q. Do you recall anything that you said, that  
25 Mr. Schaller said to you specifically during that

1 meeting?

2 MR. VIGNOLO: Overbroad.

3 THE WITNESS: My recollection is that he  
4 thought it would be a, a good use of the property.

5 BY MR. VON LOEWENFELDT:

6 Q. Okay. And he asked you to send him some  
7 details?

8 A. Yes.

9 Q. At that first meeting, did you discuss with  
10 Mr. Schaller -- with Mr. Schaller what would or would  
11 not be required in terms of changes to the existing CUP?

12 A. I asked him what, in his opinion, the, the  
13 process would be and he said that, to put the things on,  
14 on paper and he would look at it and speak to whoever he  
15 needed to speak to and find out if it did, if it would  
16 fit under the existing use permit or not, and then he  
17 would be able to tell me what the process was.

18 Q. Prior to that meeting, did you have any  
19 expectation yourself about whether an amendment to the  
20 use permit would be required?

21 A. I had no expectation.

22 Q. Had you consulted with any professionals prior  
23 to that meeting concerning whether a use permit  
24 amendment would be required?

25 A. No, I prefer to go straight to the source.

1 Q. Sure.

2 So there's a sentence that reads, "Also,  
3 instead of having 30 people checking in on Friday and  
4 out on Sunday in a small time window under the current  
5 business plan, our clients check in throughout the  
6 month."

7 Do you see that?

8 A. I do. I'm sorry, I apologize. I see it now.

9 Q. No problem.

10 What were you referring to when you said our  
11 current business plan, or "the current business plan"?

12 A. I was forecasting out how our, how standard  
13 businesses like this run.

14 Q. I see.

15 And at this point, the business plan was in  
16 your head, not on paper; is that right?

17 A. That's correct.

18 Q. Then in the next paragraph you discuss first  
19 the number of staff that the Stillheart Institute has,  
20 it has six full-time and three part-time employees.

21 Do you see that?

22 A. I do.

23 Q. Where did you get that information?

24 A. I got it from something from Stillheart  
25 Institute. I don't know if it was from staff or



1 something they had in writing or something they had on  
2 their conditional use permit, something.

3 Q. Then you say, "Our current business model will  
4 increase the current employees with an additional three  
5 part-time staff members."

6 Do you see that?

7 A. I do.

8 Q. Does "our current business model" refer to  
9 thoughts in your head at that point?

10 A. Yes.

11 Q. Okay. Nothing on paper, correct?

12 A. That's correct.

13 Q. And, so was it your intention in April 2013 to  
14 run this facility with six full-time and three and --  
15 excuse me -- six part-time employees?

16 A. To start off, yes.

17 Q. And let's start with the full-time people.  
18 What positions would those six people be in?

19 A. Those would have been program directors,  
20 clinical directors, resident techs, program assistants,  
21 people of that nature.

22 Q. One clinical director, right?

23 A. Yes.

24 Q. And how many of the six people would be program  
25 directors?

1 A. I think this was taken from information done  
2 by, I believe, information I acquired from Mark Schwartz  
3 and Lori Galperin when they originally looked at this  
4 back in 2011.

5 Q. Hmm.

6 A. And I just added in some, like the property,  
7 the mortgage interest, things like that that applied to  
8 this deal that she had given and any updates I had, you  
9 know, utilities and things like that that were facility  
10 costs.

11 Q. Do you think that the updating work that you  
12 did, did that occur between the time Ms. Gisonni asked  
13 for the information and the next two weeks when you  
14 provided it?

15 A. It might have. I don't know for sure.

16 Q. Okay.

17 Let me show you what's been previously marked  
18 as Exhibit 139. Let me know when you've had a chance to  
19 read that.

20 A. Sorry, the, the writing's very small.

21 Q. Yes, it is.

22 A. Okay. I finished.

23 Q. Okay. Great.

24 First, did you, did you receive this email from  
25 Debbie Gisonni on or about July 12th, 2013?

1 A. Appears that I did, yes.

2 Q. All right. And did you know at that time that  
3 J.R. Rodine was having conversations with Debbie Gisonni  
4 concerning the property?

5 A. I was just made aware, I'm sure by this email.

6 Q. All right. When you hired Mr. Rodine, did you  
7 expect that he was going to work exclusively for you in  
8 connection with the property?

9 MR. VIGNOLO: Lacks foundation, assumes facts.

10 THE WITNESS: For, for my entity, Still,  
11 Stillpath, yes.

12 BY MR. VON LOEWENFELDT:

13 Q. Okay. You weren't expecting him to also be  
14 consulting with the seller on, on the seller's behalf,  
15 were you?

16 A. No, but I understood that they had a  
17 relationship and this seller was the one who recommended  
18 J.R. to us because of their previous -- he was in charge  
19 of their previous entitlements.

20 Q. Okay. And J.R. Rodine says to Debbie Gisonni,  
21 "I suspect we will need to refresh the CEQA initial  
22 study to reflect the change in occupancy and use in  
23 conjunction with the RM and CUP."

24 Do you see that?

25 A. I do.

1 Q. Is that advice that Mr. Rodine also gave you at  
2 about that time?

3 A. I don't think he gave me that advice.

4 Q. Did he give you any contrary advice at that  
5 time?

6 A. All I remember is him telling me that we were  
7 not required to get a CEQA initial study by the staff.

8 Q. When you received this email from Debbie  
9 Gisonni, did you ask Mr. Rodine why he was telling her  
10 that you were required to get a CEQA initial study?

11 A. No.

12 Q. Do you know when Mr. Rodine told you you were  
13 not required to get a CEQA initial study?

14 A. No.

15 Q. Does it concern you that he may have been  
16 giving different advice to Ms. Gisonni than to you?

17 A. No.

18 Q. Do you know what the RM is?

19 A. Resource management, it's a zoning section of  
20 the ordinance.

21 Q. Okay.

22 A. Designation of land.

23 Q. Do you see at the end of that same paragraph,  
24 he says, "I do not see this process as a slam dunk or  
25 sure thing until getting into it with key players."

1 Do you see that?

2 A. I do.

3 Q. Did Mr. Rodine give you that advice?

4 MR. VIGNOLO: Overbroad as to time.

5 THE WITNESS: The only thing I recall is that  
6 he didn't, like any good consultant, guarantee anything  
7 until he had done his research.

8 BY MR. VON LOEWENFELDT:

9 Q. Did he express skepticism to you about whether  
10 your project will be approved?

11 MR. VIGNOLO: Overbroad as to time, vague and  
12 ambiguous.

13 THE WITNESS: I think his advice changed over  
14 the process with given events.

15 BY MR. VON LOEWENFELDT:

16 Q. Okay. At the beginning of the process, did he  
17 express any skepticism as to whether your application  
18 would be approved?

19 A. I think the -- there wasn't much. He felt  
20 confident, but he was concerned about any political --  
21 he wanted to make sure that we, or that he spoke to the  
22 right people so that he understood politically, and the  
23 neighbors, that they didn't take, you know, didn't  
24 control the deal or control the, the use permit process.

25 Q. Did Mr. Rodine advise you to engage in

1 A. I know that it was continued by the, by the  
2 commission.

3 Q. Do you recall whether the meeting, or the phone  
4 call, excuse me, with Lenny Roberts was between the  
5 first and second meeting or the second and third  
6 meeting?

7 A. I don't recall.

8 Q. Okay.

9 MR. VON LOEWENFELDT: Let me mark as  
10 Exhibit 200 and --

11 THE REPORTER: 16.

12 MR. VON LOEWENFELDT: -- 16, an application for  
13 use permit form SP 752 through 756.

14 (WHEREUPON, DEPOSITION EXHIBIT 216 WAS MARKED

15 FOR IDENTIFICATION.)

16 BY MR. VON LOEWENFELDT:

17 Q. Is Exhibit 216 the application that Stillpath  
18 filed for amendment to the conditional use permit  
19 covering the land where, that Stillheart owned?

20 A. I don't know if this is the whole thing. I, I  
21 see the application form and a letter to Schaller, to  
22 Mike Schaller, but, so I don't know if there were any  
23 other attachments to this.

24 Q. Do, do you have some reason to think there were  
25 other attachments to this?

1 A. No, it's just that this has been a long time so  
2 I don't want to say this is everything, encompassing  
3 everything, and then all of a sudden there's one more  
4 document.

5 Q. I understand.

6 A. Yeah.

7 Q. Okay. So this is at least part of that  
8 application, correct?

9 A. Correct.

10 Q. And do you know why your father signed this  
11 instead of you?

12 A. I think he was in town and I was in Bozeman.

13 Q. Okay. You were already in Bozeman as of  
14 July 2013?

15 A. Yes.

16 Q. You weren't living there yet, though, correct?

17 A. We had, we had a house there, but we hadn't  
18 moved for, for that. I was coming back, flying back  
19 weekly to handle this and other, other California -- --

20 Q. So in this --

21 A. -- business dealings.

22 Q. -- in, in this period of time in the summer of  
23 2013, how much time were you spending in Northern  
24 California as opposed to Montana?

25 A. I was spending significant time in Northern

1 whether it should be leased or operated by you.

2 Did your move to Bozeman also influence your  
3 decision as to whether you wanted to try and operate  
4 this facility or lease it?

5 A. I don't know if it was the move to Bozeman, but  
6 my family being in Bozeman became the determining force  
7 for me.

8 Q. Thinking more about it, have you been able to  
9 pin down any further when you made the decision that you  
10 were going to lease this property and not run it?

11 A. It would have been in, for me, personally, when  
12 we started entering into more serious negotiations with  
13 the lessors, with American Addictions Centers.

14 Q. And --

15 A. So it would have been in my mind, those  
16 discussions, you know, last three, four months of 2013.

17 Q. Now, attached to Exhibit 216 is a two-page  
18 letter. This is the same letter you had earlier  
19 submitted to the county; is that right?

20 A. That's correct.

21 Q. And the only difference is the date; is that  
22 right?

23 A. Just to make sure, you want to -- let's look at  
24 the other one, just to --

25 Q. Sure.



1 The other one is Exhibit 210.

2 MR. VIGNOLO: And I'll object that the  
3 documents speak for themselves.

4 THE WITNESS: First it looks like the, the  
5 Sausalito Alta Mira LLC title changed to Stillpath  
6 Recovery Center.

7 BY MR. VON LOEWENFELDT:

8 Q. Okay.

9 A. So during that time, we probably formed the LLC  
10 that would be the assignee under the letter of intent.

11 Q. Okay.

12 A. Everything else looks identical.

13 Q. All right.

14 A. Except for the date, as you mentioned.

15 Q. And on the first page of the application, do  
16 you see there's a section that says, "If an amendment to  
17 the existing permit, please describe the specific  
18 proposed changes in the operation."

19 That's in the prewritten text right here  
20 (indicating).

21 A. Yes.

22 Q. And then there's the handwriting "See  
23 attached."

24 Do you see that?

25 A. I do.

1 Q. Is that intended to refer to the letter that  
2 was attached?

3 MR. VIGNOLO: Calls for speculation, lacks  
4 foundation.

5 THE WITNESS: It looks like it.

6 BY MR. VON LOEWENFELDT:

7 Q. Okay. And the letter, we discussed earlier the  
8 letter and its six full-time and six part-time staff  
9 members.

10 Had you done any further work developing a  
11 staff plan between providing this letter to Mr. Schaller  
12 in Exhibit 210 and submitting it as part of the  
13 application for use permit in Exhibit 216?

14 MR. VIGNOLO: Assumes facts, misstates  
15 testimony.

16 THE WITNESS: I think that the only other thing  
17 I had done, and I think I probably did it with both, was  
18 the, well, I didn't do any more specific staff planning,  
19 I guess, if that's your question.

20 BY MR. VON LOEWENFELDT:

21 Q. Okay. Now, you submitted, or Stillpath  
22 submitted this application at the end of July 2013,  
23 correct? It's dated July 29th.

24 A. That is correct.

25 Q. Okay. And we had earlier looked at

1 his blood sugar?

2 BY MR. VON LOEWENFELDT: Yeah, I, I think  
3 that's a good idea.

4 THE VIDEOGRAPHER: All right. Microphones,  
5 please. Microphones.

6 Going off the record. The time is 1:12.

7 (Recess.)

8 THE VIDEOGRAPHER: We're back on the record.  
9 The time is 1:17.

10 BY MR. VON LOEWENFELDT:

11 Q. So, Mr. Blatt, now back on, let me make sure.  
12 You were testifying earlier about the SAMHSA guidelines.  
13 What is your understanding of that ratio?

14 A. I apologize, thank you for the break. That it  
15 is one staff person to every five to nine clients.

16 Q. Okay. And is that a clinical staff ratio or a  
17 total staff ratio?

18 A. Clinical.

19 Q. So were you intending then in the application,  
20 Exhibit 216, to represent to the County of San Mateo  
21 that the proposed staffing for Stillpath would be six  
22 full-time and six part-time staff members?

23 A. I believe that that would be what would be at  
24 startup and for a time, for a good time, good amount of  
25 time --

1 Q. And --

2 A. -- to, for, for us to run it, depending, you  
3 know, things might change, but at that time, that's what  
4 I believed.

5 Q. Okay. And had you given any more thought as of  
6 that time to what -- well, first off, how many of those  
7 people would be clinical staff?

8 MR. VIGNOLO: Lacks foundation.

9 THE WITNESS: Yeah.

10 BY MR. VON LOEWENFELDT:

11 Q. Actually, I'm not asking you to guess.

12 Did you have a, did you have a specific  
13 understanding at that time for how many of those people  
14 would be clinical staff?

15 A. No, I did not.

16 Q. Okay. Is it just not a subject you thought  
17 about?

18 A. Yeah, I didn't think about it.

19 Q. Okay.

20 Right. As I'm asking you about your  
21 representations to the county earlier, what I'm not  
22 asking you to do is rationalize them now. I want to  
23 know what you were thinking about at the time, if  
24 anything. And I understand some of my questions may not  
25 be clear in that regard, but it's --

1 MR. VIGNOLO: Assumes facts.

2 THE WITNESS: No.

3 BY MR. VON LOEWENFELDT:

4 Q. Why does it not surprise you?

5 A. I had no experience in San Mateo County.

6 Q. Okay. Do you know what decision it is that  
7 Mr. Rodine is indicating you're going to get back to him  
8 on Monday about?

9 A. No.

10 Q. Was there any decision being made about  
11 meetings of some kind in late August 2013 where you had  
12 a disagreement with Mr. Rodine?

13 A. Not that I remember.

14 Q. All right. Let's mark as Exhibit 218 -- excuse  
15 me -- I'm going to show you what's been previously  
16 marked as Exhibit 140.

17 I note that the top "To" and "From" information  
18 is between you and a lawyer, and I assume that's simply  
19 you transmitting the email for production in the case  
20 given the dates, so we'll ignore that portion.

21 Is that correct, Counsel?

22 MR. VIGNOLO: That's correct.

23 MR. VON LOEWENFELDT: Okay. Thank you.

24 Q. So focusing on the, the actual email, is this a  
25 series of correspondence between you and J.R. Rodine

1 discussing correspondence you received from Mike

2 Schaller?

3 A. Yes.

4 Q. Okay. And in your email to Mr. Schall- --

5 Mr. Rodine, you forwarded on to Mr. Rodine Exhibit 12,

6 which we discussed earlier; is that right?

7 A. I don't know.

8 I don't see an attachment on this.

9 Q. No, I'm sorry, but you actually just forwarded.

10 If you look at the bottom of the email, that's

11 Exhibit 12, right?

12 A. That is Exhibit 12, I'm sorry.

13 Q. Okay.

14 A. You're correct.

15 Q. So you were sending that to Mr. Rodine and

16 discussing it?

17 A. Yes.

18 Q. And you state to Mr. Rodine, "His opinion was

19 based on his review of the letter I sent you yesterday."

20 Do you see that?

21 A. Yes.

22 Q. Was that letter Exhibit 210 which you had

23 provided earlier to Mr. Schaller?

24 A. I believe so.

25 Q. Okay. So you agree that Mr. Schaller's email

1 to you, Exhibit 12, was based on his review of  
2 Exhibit 210?

3 MR. VIGNOLO: Calls for speculation, lacks  
4 foundation.

5 THE WITNESS: I'm sorry, repeat that one more  
6 time.

7 BY MR. VON LOEWENFELDT:

8 Q. Mr. Schaller's Exhibit 12 to you was based on  
9 Mr. Schaller's review of Exhibit 210; is that right?

10 MR. VIGNOLO: Same objections.

11 THE WITNESS: Any discussions we would have had  
12 around that time in our one-on-one meeting.

13 BY MR. VON LOEWENFELDT:

14 Q. All right. And then Mr. Rodine says to you,  
15 "Let's be proactive but cautious as staff has a tendency  
16 to trivialize such matters before they become issues."

17 Do you see that?

18 A. I do.

19 Q. Do you know what he was referring to?

20 A. No.

21 Q. Did you have any conversation with Mr. Rodine  
22 concerning his opinion that staff has a tendency to  
23 trivialize, trivialize such matters?

24 A. No, I did not.

25 Q. Okay. Thank you. I'm done with that one.

REPORTER'S CERTIFICATE

I, DEBBY CLARY, a Certified Shorthand Reporter  
and Registered Merit Reporter, do hereby certify:

That the foregoing proceedings were taken  
before me at the time and place therein set forth, at  
which time both witnesses were put under oath by me;

That the testimony of both witnesses, the  
questions propounded, and all objections and statements  
made at the time of the examination were recorded  
stenographically by me and were thereafter transcribed;


That a review of the transcript by both  
deponents was requested;

That the foregoing is a true and correct  
transcript of my shorthand notes so taken.

I further certify that I am not a relative or  
employee of any attorney of the parties, nor financially  
interested in the action.

I declare under penalty of perjury under the  
laws of California that the foregoing is true and  
correct.

Dated: December 15, 2016

  
\_\_\_\_\_  
DEBBY CLARY, CSR 9705  
Registered Merit Reporter